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LM02/0909

EXAMINER

THOMPSON JR, F

ART UNIT

PAPER NUMBER

2765

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09/09/99

Please find below and/or attached an Office communication concerning this application or proceeding.

Commissioner of Patents and Trademarks

Office Action Summary

Application No.
09/087,574

Applicant(s)
HARRINGTON ET AL.

Examiner
Forest Thompson Jr.

Group Art Unit
2765



☒ Responsive to communication(s) filed on May 29, 1998

☐ This action is **FINAL**.

☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11; 453 O.G. 213.

A shortened statutory period for response to this action is set to expire THREE month(s), or thirty days, whichever is longer, from the mailing date of this communication. Failure to respond within the period for response will cause the application to become abandoned. (35 U.S.C. § 133). Extensions of time may be obtained under the provisions of 37 CFR 1.136(a).

Disposition of Claims

☒ Claim(s) 1-64 is/are pending in the application.

Of the above, claim(s) _____ is/are withdrawn from consideration.

☐ Claim(s) _____ is/are allowed.

☒ Claim(s) 1-64 is/are rejected.

☐ Claim(s) _____ is/are objected to.

☐ Claims _____ are subject to restriction or election requirement.

Application Papers

☒ See the attached Notice of Draftsperson's Patent Drawing Review, PTO-948.

☒ The drawing(s) filed on May 29, 1998 is/are objected to by the Examiner.

☐ The proposed drawing correction, filed on _____ is ☐ approved ☐ disapproved.

☒ The specification is objected to by the Examiner.

☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. § 119

☐ Acknowledgement is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d).

☐ All ☐ Some* ☐ None of the CERTIFIED copies of the priority documents have been
☐ received.

☐ received in Application No. (Series Code/Serial Number) _____.

☐ received in this national stage application from the International Bureau (PCT Rule 17.2(a)).

*Certified copies not received: _____.

☐ Acknowledgement is made of a claim for domestic priority under 35 U.S.C. § 119(e).

Attachment(s)

☒ Notice of References Cited, PTO-892

☐ Information Disclosure Statement(s), PTO-1449, Paper No(s). _____

☐ Interview Summary, PTO-413

☒ Notice of Draftsperson's Patent Drawing Review, PTO-948

☐ Notice of Informal Patent Application, PTO-152

--- SEE OFFICE ACTION ON THE FOLLOWING PAGES ---

Art Unit: 2765

DETAILED ACTION

1. Claims 1-64 have been examined.

Drawings

2. This application has been filed with informal drawings which are acceptable for examination purposes only. Formal drawings will be required when the application is allowed because of the reasons set forth on the PTO-948 Form enclosed.
3. Fig. 10 references [70] for two different parts of the figure: selected bid information and year status. The specification references [70] as selected bid information on pg. 12 line 9. Correction is required.
4. Applicant is required to submit a proposed drawing correction in reply to this Office action. However, formal correction of the noted defect can be deferred until the application is allowed by the examiner.

Claim Rejections - 35 USC § 101

5. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

6. Claims 1-64 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Art Unit: 2765

Claims 1-64 are directed towards a method for competitively bidding on a plurality of related items (e.g., bonds). The grouping or regrouping of bonds in bids is not physical change, effect, or result. Claims 1-64 are rejected since, even though the bids may use a mathematical algorithm implicitly in the claim(s), the algorithm is not applied to or limited by physical elements or process steps and mere entering of bids in a "record" or displaying bids is insufficient to impart patentability. See **In re Schrader**, USCAFC 30 USPQ2d 1455, decided April 13, 1994, No. 92-1275.

As per claim 64, while comprising several steps to perform functions, the claims recite the limitation, "A method." The claim 64 is not in the technological arts. Characterization of objects, determination of relations and transferring information and financial instruments do not require the technological arts, necessarily. The preamble should be changed to read "A computer-implemented method" to be patentable in the technological arts.

Claim Rejections - 35 USC § 102

7. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless --

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

Art Unit: 2765

8. Claims 1-3, 5, 8-9, 12-14, 16, 18-19, 22-25, 28,31, and 57 are rejected under 35 U.S.C. 102(e) as being anticipated by **Ausubel** (U.S. Patent No. 5,905,975).

As per claim 1, **Ausubel** teaches:

- establishing communications over a network (col. 7 lines 52-65);
- providing information regarding financial instruments (fig. 2; col. 20-36);
- submitting at least one of a maturity by maturity bid and an all-or-none bid (col. 7 lines 41-48; col. 8 lines 28-31);
- accepting one or more of said submitted bids (col. 31 lines 21-23);
- displaying the current best bid (col. 31 lines 58-62).

As per claim 2, **Ausubel** teaches verifying that each bid is in conformance with predetermined bid parameters (col. 3 lines 31-67).

As per claim 3, **Ausubel** teaches the step of providing information to a bidder in the event said bid is non-conforming (col. 26 lines 65-67; col. 27 lines 1-12).

As per claim 5, **Ausubel** teaches the step of providing information about the bids accepted (col. 6 lines 37-48; col. 26 lines 65-67; col. 27 lines 1-12).

As per claim 8, **Ausubel** teaches submitting a bid on one of an entire financial instrument and on individual portions of the instruments (col. 6 line 50-63).

As per claim 9, **Ausubel** teaches requesting a confirmation before acceptance of said bid (col. 8 lines 23-33).

Art Unit: 2765

Claims 12 and 22 in combination are written as a process and contains essentially the same limitations as claims 1 and 9 in combination; therefore, the same rejection is applied.

Claim 13 is written as a system and contains essentially the same limitations as claim 2; therefore, the same rejection is applied.

Claim 14 is written as a system and contains essentially the same limitations as claim 3; therefore, the same rejection is applied.

Claim 16 is written as a system and contains essentially the same limitations as claim 5; therefore, the same rejection is applied.

Claim 18 is written as a system and contains essentially the same limitations as claim 7; therefore, the same rejection is applied.

Claim 19 is written as a system and contains essentially the same limitations as claim 8; therefore, the same rejection is applied.

As per claim 23, **Ausubel** teaches:

- establishing communications over a network (col. 7 lines 52-65);
- providing information regarding financial instruments (fig. 2; col. 20-36);
- generating one or more bids (col. 1 lines 65-67; col. 2 lines 1-11);
- verifying that each bid is in conformance with predetermined bid parameters (col. 15 lines 5-12);

Art Unit: 2765

- submitting at least one of a maturity by maturity bid and an all-or-none bid (col. 7 lines 41-48; col. 8 lines 28-31);
- accepting conforming bids (col. 31 lines 21-24).

Claim 24 is written as a system and contains essentially the same limitations as claim 3; therefore, the same rejection is applied.

Claim 25 is written as a system and contains essentially the same limitations as claim 8; therefore, the same rejection is applied.

Claim 28 is written as a system and contains essentially the same limitations as claim 5; therefore, the same rejection is applied.

Claim 31 is written as a system and contains essentially the same limitations as claim 9; therefore, the same rejection is applied.

As per claim 57, **Ausubel** teaches:

- means for establishing communications over a network (col. 7 lines 52-65);
- means for providing information regarding financial instruments (fig. 2; col. 20-36);
- means for verifying that a bid is in conformance with predetermined bid parameters (col. 3 lines 31-67).
- means for receiving bids (col. 12 lines 66-67; col. 3 lines 1-30);
- means for requesting a confirmation before a bid is accepted (col. 8 lines 23-33);

Art Unit: 2765

- means for accepting conforming bids (col. 31 lines 21-23)

Claim Rejections - 35 USC § 103

9. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

This application currently names joint inventors. In considering patentability of the claims under 35 U.S.C. 103(a), the examiner presumes that the subject matter of the various claims was commonly owned at the time any inventions covered therein were made absent any evidence to the contrary. Applicant is advised of the obligation under 37 CFR 1.56 to point out the inventor and invention dates of each claim that was not commonly owned at the time a later invention was made in order for the examiner to consider the applicability of 35 U.S.C. 103(c) and potential 35 U.S.C. 102(f) or (g) prior art under 35 U.S.C. 103(a).

10. Claims 4, 6, 7, 10-11, 15, 17, 20-21, 26-27, 29-30, 32-56, and 58-64 are rejected under 35 U.S.C. 103(a) as being unpatentable over **Ausubel** (U.S. Patent No. 5,905,975).

As per claim 4, **Ausubel** does not explicitly teach the step of screening each bidder. However, **Ausubel** does teach using a dedicated system subject to auctioneer monitoring and control, which serves the requirement of screening the bidder and his activities. Official Notice

Art Unit: 2765

is taken that this activity by the auctioneer can serve the same objective as screening each bidder. Therefore, it would have been obvious to one skilled in the art at the time the invention was made to consider that **Ausubel** teaches the step of screening each bidder, because this step validates the status of the user as a potential customer and worthy of access to the auction system.

As per claim 6, **Ausubel** teaches submitting a bid (col. 1 lines 65-67; col. 2 lines 1-11; col. 6 lines 50-67; col. 7 lines 1-11). Official Notice is taken that in **Ausubel**, entering current and future bids through the use of bidding rules established by the bidder and stored in the bidder's database for use by the auctioneer is equivalent to a bidder's electronic bid calculation sheet. Therefore, it would have been obvious to one skilled in the art at the time the invention was made that **Ausubel** teaches the equivalent of a bidder's electronic bid calculation sheet, because it serves the same function - preparing and submitting future bids in advance with conditions for use.

As per claim 7, **Ausubel** teaches a user preparing and submitting bidding rules (Col. 1 lines 65-67; col. 2 lines 1-11).

As per claim 10, **Ausubel** teaches querying the user database for an acknowledgment that at least certain of said information has been reviewed (col. 8 lines 23-31). **Ausubel** teaches querying the user's database for quotes, bids and bidding rules established in response to offerings from the auctioneer. This response from the user in establishing data in the user's database confirms his review of at least certain of said information.

Art Unit: 2765

As per claim 11, **Ausubel** does not teach explicitly indicating which maturities have not been bid upon. **Ausubel** does teach the auctioneer process queries the user process and transmits messages on the status of bids for items (col. 3 lines 31-67). In responses to queries, the user process may generate bids. Also, the user database illustrates the current status of all queries from the auctioneer, including the status of bids (or lack thereof). Therefore, it would have been obvious to one skilled in the art at the time the invention was made that **Ausubel** teaches indicating which maturities have not been bid upon.

Claim 15 is written as a system and contains essentially the same limitations as claim 4; therefore, the same rejection is applied.

Claim 17 is written as a system and contains essentially the same limitations as claim 6; therefore, the same rejection is applied.

Claim 20 is written as a system and contains essentially the same limitations as claim 11; therefore, the same rejection is applied.

Claim 21 is written as a system and contains essentially the same limitations as claim 10; therefore, the same rejection is applied.

Claim 26 is written as a system and contains essentially the same limitations as claim 11; therefore, the same rejection is applied.

Claim 27 is written as a system and contains essentially the same limitations as claim 4; therefore, the same rejection is applied.

Art Unit: 2765

Claim 29 is written as a system and contains essentially the same limitations as claim 6; therefore, the same rejection is applied.

Claim 30 is written as a system and contains essentially the same limitations as claim 7; therefore, the same rejection is applied.

Claim 32 is written as a system and contains essentially the same limitations as claim 10; therefore, the same rejection is applied.

As per claim 33, **Ausubel** teaches displaying the current best bid (col. 31 lines 58-62).

Claims 34, 35, and 43 in combination are written as a process and contains essentially the same limitations as claims 23 and 32 in combination; therefore, the same rejection is applied.

As per claim 36, **Ausubel** teaches the step of providing information to a bidder in the event said bid is non-conforming (col. 26 lines 65-67; col. 27 lines 1-12).

As per claim 37, **Ausubel** does not explicitly teach the step of screening each bidder. However, **Ausubel** does teach using a dedicated system subject to auctioneer monitoring and control, which serves the requirement of screening the bidder and his activities. Official Notice is taken that this activity by the auctioneer can serve the same objective as screening each bidder. Therefore, it would have been obvious to one skilled in the art at the time the invention was made to consider that **Ausubel** teaches the step of screening each bidder, because this step validates the status of the user as a potential customer and worthy of access to the auction system.

As per claim 38, **Ausubel** teaches the step of providing information about the bids accepted (col. 6 lines 37-48; col. 26 lines 65-67; col. 27 lines 1-12).

Art Unit: 2765

Claim 39 is written as a system and contains essentially the same limitations as claim 6; therefore, the same rejection is applied.

Claim 40 is written as a system and contains essentially the same limitations as claim 7; therefore, the same rejection is applied.

As per claim 41, **Ausubel** teaches requesting a confirmation before acceptance of said bid (col. 8 lines 23-33).

Claim 42 is written as a system and contains essentially the same limitations as claim 33; therefore, the same rejection is applied.

Claim 44 is written as a system and contains essentially the same limitations as claim 11; therefore, the same rejection is applied.

As per claim 45, **Ausubel** teaches:

- providing information regarding financial instruments (fig. 2; col. 20-36);
- receiving an acknowledgment that at least certain of said information has been reviewed (col. 8 lines 23-31). **Ausubel** teaches querying the user's database for quotes, bids and bidding rules established in response to offerings from the auctioneer. It would have been obvious to one skilled in the art at the time the invention was made that this response from the user in establishing data in the user's database confirms his review of at least certain of said information.
- generating bids (col. 31 lines 21-23);
- verifying that bids are in conformance (col. 3 lines 31-67);

Art Unit: 2765

- accepting conforming bids (col. 31 lines 21-23).

Claim 46 is written as a system and contains essentially the same limitations as claim 3; therefore, the same rejection is applied.

Claim 47 is written as a system and contains essentially the same limitations as claim 9; therefore, the same rejection is applied.

As per claim 48, **Ausubel** teaches displaying the current best bid (col. 31 lines 58-62)..

As per claim 49, **Ausubel** teaches submitting bids (col. 1 lines 65-67; col. 2 lines 1-11; col. 6 lines 50-67; col. 7 lines 1-11; col. 2 lines 66-67; col. 3 lines 1-30). Official Notice is taken that in **Ausubel**, entering current and future bids through the use of bidding rules established by the bidder and stored in the bidder's database for use by the auctioneer is equivalent to a bidder's electronic bid calculation sheet. Additionally, **Ausubel** teaches auctioning multiple similar and/or dissimilar objects and submitting bids on multiple objects (col. 7 lines 36-50). Therefore, it would have been obvious to one skilled in the art at the time the invention was made that **Ausubel** teaches the equivalent of a bidder's electronic bid calculation sheet, because it serves the same function - preparing and submitting future bids in advance with conditions for use. Additionally, it would have been obvious to one skilled in the art at the time the invention was made that **Ausubel** also teaches generating a bid on one of an entire financial instrument and on individual portions of the instruments.

Art Unit: 2765

Claim 50 is written as a device and contains essentially the same limitations as claim 6; therefore, the same rejection is applied.

Claims 51 and 52 in combination are written as a process and contains essentially the same limitations as claims 45 and 47 in combination; therefore, the same rejection is applied.

Claim 53 is written as a device and contains essentially the same limitations as claim 48; therefore, the same rejection is applied.

Claim 54 is written as a device and contains essentially the same limitations as claim 46; therefore, the same rejection is applied.

Claim 55 is written as a device and contains essentially the same limitations as claim 49; therefore, the same rejection is applied.

Claim 56 is written as a device and contains essentially the same limitations as claim 50; therefore, the same rejection is applied.

Claim 58 is written as a means and contains essentially the same limitations as claim 10; therefore, the same rejection is applied.

Claim 59 is written as a means and contains essentially the same limitations as claim 33; therefore, the same rejection is applied.

As per claim 60, **Ausubel** teaches means for verifying bids on the entire financial instrument and on individual portions of the instrument (col. 3 lines 31-67).

As per claim 61, **Ausubel** teaches submitting bids (col. 1 lines 65-67; col. 2 lines 1-11; col. 6 lines 50-67; col. 7 lines 1-11; col. 2 lines 66-67; col. 3 lines 1-30). Official Notice is taken

Art Unit: 2765

that in **Ausubel**, entering current and future bids through the use of bidding rules established by the bidder and stored in the bidder's database for use by the auctioneer is equivalent to a bidder's electronic bid calculation sheet. Therefore, it would have been obvious to one skilled in the art at the time the invention was made that **Ausubel** teaches the equivalent of a bidder's electronic bid calculation sheet, because it serves the same function - preparing and submitting future bids in advance with conditions for use.

As per claim 62:

- **Ausubel** teaches means for preparing proposed bids by teaching a user database accessible by the user system and the auctioneer system that stores input data from both, and provides the user means to prepare and store bids in advance that the auctioneer will access and use as bidding quotes during an auction(col. 2 lines 39-50).

- **Ausubel** does not specifically teach means for displaying the bidders last bid simultaneously with preparing a proposed bid. However, **Ausubel** does teach the auctioneer's system sending a message to the user's system that may include the history of bidding (col. 6 lines 38-48), and bidding information may include a bidding rule that may be an expression of a bidder's quote (col. 6 lines 50-63). Therefore it would have been obvious to one skilled in the art at the time the invention was made that, since the user accesses and inputs data and bidding rules into the database, these features in **Ausubel** teach the same features as the means for displaying

Art Unit: 2765

the bidders last bid simultaneously with preparing a proposed bid, because the same output is produced.

- **Ausubel** teaches means for verifying if the proposed bid conforms to predetermined bid parameters (col. 3 lines 9-29).

As per claim 63, **Ausubel** teaches means for submitting bids (col. 1 lines 65-67; col. 2 lines 1-11; col. 6 lines 50-67; col. 7 lines 1-11; col. 2 lines 66-67; col. 3 lines 1-30). Official Notice is taken that in **Ausubel**, entering current and future bids through the use of bidding rules established by the bidder and stored in the bidder's database for use by the auctioneer is equivalent to a bidder's electronic bid calculation sheet. Additionally, **Ausubel** teaches auctioning multiple similar and/or dissimilar objects and submitting bids on multiple objects (col. 7 lines 36-50). Therefore, it would have been obvious to one skilled in the art at the time the invention was made that **Ausubel** teaches the equivalent of a bidder's electronic bid calculation sheet, because it serves the same function - preparing and submitting future bids in advance with conditions for use. Additionally, it would have been obvious to one skilled in the art at the time the invention was made that **Ausubel** also teaches means for preparing a bid on one of an entire financial instrument and on individual portions of the instruments, as stated above.

As per claim 64:

Art Unit: 2765

- **Ausubel** does not specifically teach prescreening bidders. However, **Ausubel** does teach user and auctioneer systems that are connected over a network. Official Notice is taken that it is old and well known for networks to use and require connection security (i.e., restrictions on who can connect to and use the network) through some method (e.g., user registrations and authentications through the use of personal data checks and passwords by all users). Therefore, it would have been obvious to one skilled in the art at the time the invention was made to combine **Ausubel** with old and well known art to prescreen users, because the sellers and auctioneers want to concentrate their time and money handling potential buyers who are qualified (i.e., accepted buyers, buyers who are interested and can afford to purchase items) and potential buyers of their wares.

- accepting one of maturity by maturity and all-or-none bids (col. 3 lines 53-56; col. 7 lines 41-48; col. 8 lines 28-31);

- determining the successful bids (col. 3 lines 57-58);

- **Ausubel** does not teach transferring the financial instruments to a clearing agent in exchange for value, nor the clearing agent distributing the financial instruments to the successful bidders. **Ausubel** does teach evaluating each answer at the auctioneer's system to determine if the auction should continue and, in the event the auction is not continued, sending a final message to at least one user system containing the results of the auction (col. 3 lines 57-60).

Official Notice is taken that it was old and well known in the art at the time the invention was made that items sold at auctions are paid for by the winning bidder and that the objects paid for

Art Unit: 2765

are then delivered to the winning bidder. Therefore, it would have been obvious to one skilled in the art at the time the invention was made to combine the teachings of **Ausubel** and old and well known art to teach transferring the financial instruments to a clearing agent in exchange for value, and the clearing agent distributing the financial instruments to the successful bidders in order to settle accounts between sellers and buyers, because without these or similar features, auctions could not exist because sellers would not sell objects for which they would not get paid.

Conclusion

11. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. The prior art made of record includes:

- **Lawrence**, U.S. Patent No. 5,915,209, teaches a computer-implemented municipal bond trading system.

- **Fraser et al.**, U.S. Patent No. 5,905,974, teach a data processing system for implementing transaction management of auction-based trading for specialized items such as fixed income instruments.

- **Lupien et al.**, U.S. Patent No. 5,845,266, teach a crossing network that matches buy and sell orders based upon a satisfaction and quantity profile including a number of trader terminals that can be used for entering orders.

- **Walker et al.**, U.S. Patent No. 5,794,207, teach a method and apparatus for effectuating bilateral buyer-driven commerce.


Art Unit: 2765

12. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Forest Thompson whose telephone number is (703) 306-5449. The examiner can normally be reached Monday-Friday from 7:30 AM to 4:00 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Allen MacDonald, can be reached at (703) 305-9708.

The fax number for Formal or Official faxes to Technology Center 2700 is (703) 308-9051 or 9052. Draft or Informal faxes for this Art Unit can be submitted to (703)308-1396.

Any inquiry of a general nature or relating to the status of this application should be directed to the Group receptionist whose telephone number is (703) 305-3900.


August 30, 1999 /FOT


ALLEN R. MACDONALD
SUPERVISORY PATENT EXAMINER